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16 December 1981

SHORT VERSION

Congressional Briefing Talking Points: USSR

Opening Remarks:

Will spend a few minutes giving you in general terms our views on some of the more important developments in the last year.

(For Armed Services Committees only)

Will then ask Lawrence Gershwin, NIO for Strategic Programs, to present our latest assessment of Soviet nuclear forces.

(For all Committees)

You will, of course, want to go more deeply into some of the topics I touched on. Would rather do this by responding to your questions than a long series of presentations. For this purpose, I have with me a group of my senior experts (Gates, Gershwin, Atkeson, Waterman, Cowan, Menges, Gries.)

I. Soviet leadership pursued foreign, military, and domestic goals during past year with stolid single-mindedness characteristic of Brezhnev's seventeen years in power.

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A. Looking back, Brezhnev team doubtless feels methodical efforts have achieved much.

B. Somber tone of Brezhnev's major addresses to party faithful last year, however, suggests Soviet leadership concerned about durability of achievements.

II. Economic situation deteriorating. This factor increasingly conditions both Soviet policies and political maneuvering for post-Brezhnev succession. Problems of 1981 led leadership in November to project even more dour economic outlook than that presented last spring at party congress.

A. Overall economic growth last year was -- for third year in row -- less than 2%; prospect is for little improvement on average in 1980s.

B. Overall primary energy production growing much more slowly, industrial output down, and third consecutive disastrous harvest.

1. While Soviet workers and consumers far from venting dissatisfaction like Poles, their resigned, pessimistic mood undercuts productivity gains, the key factor Soviet leaders are counting on for future economic growth.

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2. Growing social malaise marked by alcoholism, high labor turnover, worker unrest, corruption, black market activities, and nationality frictions.

3. With traditional props of terror, ideology, and control over information all weakened, regime depends more on rising living standard to alleviate these ill effects -- and yet these social problems make achievement of that goal all the more difficult.

III. In face of increasingly serious domestic problems, top Soviet leadership shows almost total absence of interest in innovative or radical shifts in economic policy.

A. Leadership itself static: party congress last spring was first in decades not to make any leadership change; Brezhnev unable or unwilling to translate authority into effective action on domestic problems.

B. Despite continuity -- likely to mark near future -- pressures for policy change building.

C. Succession and policy change likely to unfold in two stages: first, debate over options that becomes entangled with struggle for power, then attempt to resolve policy muddle following outcome of power struggle.

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IV. Economic factors now play bigger role in Soviet foreign policy.

A. Oil exports to most of Eastern Europe being cut to sustain hard-currency-earning oil exports to West, thus weakening one prop of European Communist regimes.

B. Western technology sought for economic modernization, direct military advantages, and to free resources for military programs.

C. Huge grain purchases required.

D. Both need hard currency.

E. Economic pinch notwithstanding, Soviet foreign goals remain ambitious. But cost of maintaining empire and expanding influence is rising: in last ten years, annual cost of aid to other Communist countries has gone from less than $2 billion to $23 billion; now equivalent to 1.5% of Soviet GNP.

V. Yet USSR will continue to be major force acting widely and with determination against US interests.

A. Military power remains for Soviets foundation of relationship with US and key instrument globally, and momentum of military buildup through next decade indicated as defense plant floorspace and military R&D efforts continue to grow.

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B. But economic burden of military spending in fact growing; Soviets are at a minimum maintaining traditional, Brezhnev -- era 4% annual growth rate in face of GNP growth rate less than half that. (Chart)

VI. Moscow also continues to press for resumption of arms control dialogue.

A. Soviets desire to restrain costs of arms competition while maintaining gains of Brezhnev era and hindering US countermeasures.

B. Soviets have abided by basic terms of SALT II (though not reducing to levels envisaged) while positioning themselves for dialogue on strategic arms issues in wake of President's November speech and start of INF talks.

1. One major objective is to prevent or limit the deployment of new US missiles in Europe (their version of a "zero" level solution).

2. They have tried hard to influence West European attitudes, but they have given NATO little cause to believe they are willing to lessen military capability significantly.

C. Outlook is for serious, but mainly exploratory Soviet approach to INF and START talks, accompanied by unrelenting public polemics aimed above all at West European government and public opinion.

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There has been in fact a worrisome growth in neutralist sentiment in Europe.

VII. Moscow's main challenge to the US in 80's will be continued exploitation of instability in Third World and probing with variety of diplomatic, military, and subversive tactics to erode Western positions and influence.

A. Soviet assessment of opportunities -- and capability to pursue them -- has not diminished, though use of surrogates reduces risk of direct confrontation.

B. Continued Soviet refusal to accept notion of "linkage" has been so steadfast that they seemed at outset of this administration to believe improved relations possible despite their actions and despite clear signals of new US concern about bilateral reciprocity and Soviet global behavior.

VIII. Not surprisingly, given continuity of leadership and policy in Brezhnev era, our assessment of directions of Soviet policy is similar to our presentation last year.

A. Soviets see significant advantages from their arms programs and will match new US programs, regardless of cost.

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B. Will attempt to modulate own costs and restrain US programs through arms control measures. Will also try to improve bilateral relations with US to ensure access to grain and technology.

C. But will be reluctant to temper assertive activities in Third World to gain this end: unable to forego efforts to stimulate and capitalize on troubles for West.

1. Difference, however, is that cost of these activities is getting higher, causing strains and policy adjustments.

2. Will work through surrogates and allies as much as possible to reduce costs and risks.

IX. Foremost among our immediate problems in the Third World are the Soviet-Cuban challenge in our backyard, Central America, and Libya's continued role as a destabilizing element.

A. In the last two years the Soviets have shifted toward an active policy of supporting leftist revolution in Latin America, and particularly in Central America.

1. Their policy is based primarily on collaboration with Cuba, although the East Germans, Vietnamese, and some radical Arabs are also involved. Cuba has become the strongest military power in Latin America, as well as supplying proxy forces in Africa. More important for the present, it is also the base

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for political and paramilitary warfare throughout the Caribben Basin.

2. The first success of this offensive was the Sandinista victory in Nicaragua. The Sandinistas are strengthening their control by repression of the democratic opposition. At the same time they are building armed forces far beyond those of their neighbors. And they in turn are working with the Cubans to provide a base and extensive support for guerrilla warfare in Salvador and Guatemala.

3. In Salvador, the guerrillas are able to maintain great pressure on the government, but are not yet within reach of victory. Conversely, the government is stretched to its limit simply to contain them. In Guatemala a roughly similar balance prevails at a less extensive but growing level of violence and counter-violence.

4. Elsewhere in the Caribbean basin, the Soviets and Cubans have been turned back in Jamaica. They have had a success in Grenada, made a start in Honduras and Costa Rica, and there is an emerging guerrilla threat in Colombia and signs of activity in Venezuela.

B. Libya's troublemaking rests on a number of factors:

1. Its oil revenues.

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2. Its extremely large purchases and stockpiling of advanced weaponry from the Soviet Union. Closer ties may follow, despite Qadhafi's devotion to Islam.

3. Its unprecedented usage of terrorism and assassination, including potentially against US leaders, as a regular instrument of national policy.

4. Qadhafi's volatile nature and his willingness to support a wide range of revolutionary organizations.

5. The Tripartite Pack signed in August by Libya, Ethiopia and South Yemen and focused against the regimes in Egypt, Sudan, Somali and North Yemen. The treaty has promoted Soviet interests as well as Libyan ones both in Africa and the Middle East.

X. Turning to Africa first:

A. Libyan activity continues:

1. Libyan efforts to remain in Chad -- a move particularly threatening to Sudan -- have been frustrated for the moment.

2. Efforts at destabilization of African regimes by Libya have become more evident. All the West African states are seriously concerned about the Libyan threat of terrorist activity and

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financial subversion. Libyan activities extend as far south as Uganda and Mauritius and the Angolan government is reported to have signed an economic aid agreement with Qadhafi.

3. Libya is increasingly complementing Algeria as the leading backers of the Polisario guerrillas against King Hassan of Morocco. Hassan's position has been weakened by six years of inconclusive war and by popular unhappiness over economic developments.

B. There are other serious problems in Africa that provide openings for the Soviets and their surrogates.

1. Continued South African raids in Angola and South African support for the insurgent movement in Mozambique have created greater anxiety on the part of black southern African states. In turn they have begun to rely in greater degree on Soviet, Cuban and North Korean security assistance and on Soviet arms supplies.

2. The African countries continue to suffer economic difficulties in trade and food supplies, the effects of which create instability and provide further opportunity for Soviet meddling.

XI. In the Middle East our primary areas of concern are the Israeli-Palestinian impasse, the security of the Persian Gulf, and Afghanistan.

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A. Any progress toward Arab-Israeli peace remains blocked by:

1. The political intentions of the Begin government: annexation of the Golan and ultimately of the West Bank, tacit occupation of Southern Lebanon, and a belligerent attitude toward Saudi Arabia. (May need update).

2. Syrian intransigeance, abetted by the USSR.

3. Syria and Israel between them have effectively derailed Prince Fahd's initiative.

4. In Egypt, Mubarak has moved effectively to restore stability, but economic problems that could destroy him remain unsolved. He would like to restore relations with the moderate Arabs, notably Saudi Arabia, but is temporarily paralyzed on this front until Israel returns the Sinai in April.

B. Security of the Gulf is a function of many factors: Internal stability in Saudi Arabia and other Gulf States; containment of the leftist threat to North Yemen and, resultantly, to Saudi Arabia; development in Iran of a neutral government not susceptible to Soviet control; and development of a credible capability to project Western power into the region, and deter any Soviet thrust southward.

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1. While the indicators are mixed, we judge internal stability in pertinent areas as reasonably well-assured.

2. A leftist insurgency, however, continues in Yemen accompanied by increasing Soviet influence through arms sales.

3. Political events in Iran remain unpredictable and may well provide Moscow with openings for exploitation.

4. Regional states are not ready to cooperate fully with the US in developing a military deterrent to the Soviets while in their eyes the US is identified with Israel.

C. Afghanistan is a relatively bright spot.

1. The Soviet have made no progress in containing the insurgency; they have been forced to bring in additional small units and may plan substantially larger forces. (Update)

2. We are still concerned, however, that they may bring greater pressure against Pakistan.

XII. Finally, I should note that nuclear proliferation continues as a serious and growing threat to global stability.

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A. A near-term case is Pakistan where President Zia could be in a position to order a nuclear explosion as early as a year from now, but more likely in an additional year or so.

1. India's serious concerns about such a prospect are likely to lead it to resume nuclear testing in response.

2. More drastic Indian action could be taken later this year when Pakistan is expected to begin producing significant quantities of weapons-usable material.

B. In the Middle East, Iraq is pressing ahead with its nuclear research despite the substantial setback from the Israeli attack late last spring.

1. And Qadhafi continues to get substantial aid from the Soviet Union, including enriched uranium, for his nuclear center near Tripoli.

C. Elsewhere, South Korea and Taiwan continue development of substantial nuclear power industries although weapons development work continues suspended.

1. Argentina and Brazil are keeping open their options to pursue nuclear explosives development.

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2. South Africa does not appear ready to resume preparations for testing a nuclear explosive device, although such a test is almost certainly within their capability.

D. As for the global proliferation regime, one of its key components, the International Atomic Energy Agency (IAEA) in Vienna, faces serious problems arising from growing doubts about the effectiveness of its safeguards system.

1. Unless countries of proliferation concern are made more accountable for their nuclear activities, confidence in the effectiveness of the IAEA will continue to erode.

Conclusion:

This is not a cheerful presentation. Despite the serious problems that this or a new Soviet regime will face, it is highly unlikely that the Soviet challenge will lessen in the next few years. And, of course, many sources of instability and trouble for the US exist quite independently of the East-West struggle, and these will, if anything, worsen.

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